



The President's Daily Brief

22 June 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The first two SS-11 launch groups being modernized in the eastern USSR seem likely to return to operational status this summer. (Page 1)

President Ceausescu's visit to West Germany next week will be a high point in his campaign to establish Romania's independent position. (Page 2)

Laotian Prime Minister Souvanna is ready to allow Pathet Lao battalions to be stationed on the outskirts of Vientiane and Luang Prabang. (Page 3)

Israeli Finance Minister Sapir visits Washington next week against a background of generally favorable economic trends in Israel. (Page 4)

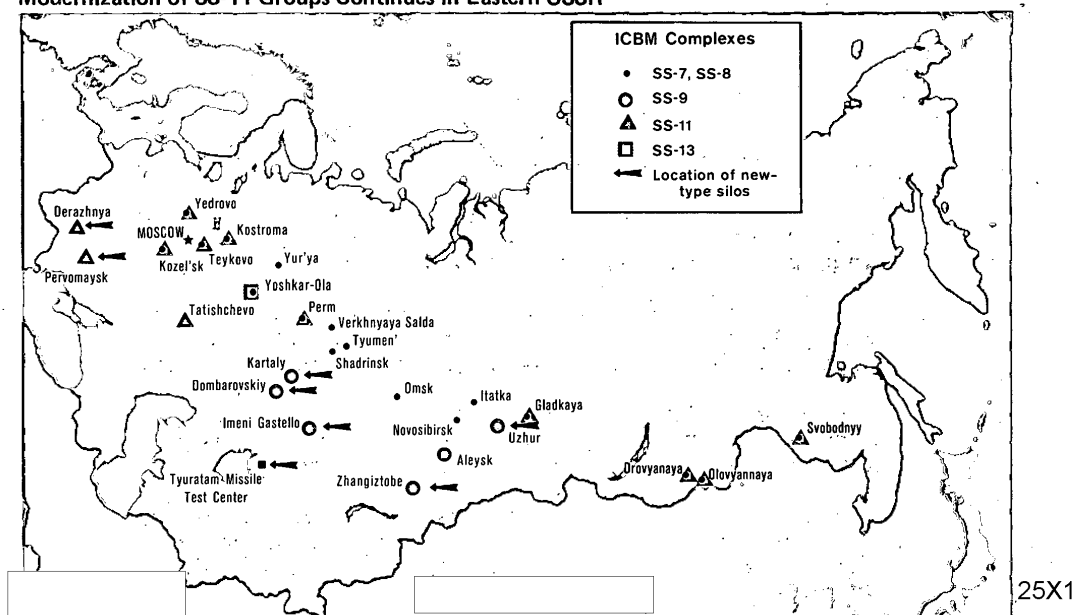
In his speech last night, Juan Peron implied that he planned no immediate changes at the top of the Campora government. (Page 5)

Notes on South Vietnam, India, and Mexico-Cuba appear on Page 6.

25X1

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Modernization of SS-11 Groups Continues in Eastern USSR



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USSR

[redacted]
[redacted] the first two SS-11 launch groups undergoing modernization in the eastern USSR may return to operational status this summer. These silos probably will be equipped with the triple warhead variant of the SS-11--the Mod 3.

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Construction began on these ten-silo groups--one at Drovyanaya and one at Svobodnyy--early this year. The excavation and trenching [redacted] now has been filled in. SS-11 equipment was present at several of the sites, apparently for checking out the compatibility of the missile with the modernized silos.

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Construction also continues at at least three other SS-11 groups in the east.

Work on two additional launch groups may be about to begin. During the past three days the Soviets have launched five SS-11s from Olovyannaya, probably in order to empty the silos prior to modernization.

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ROMANIA

President Ceausescu will begin a four-day visit to West Germany next week. He will be seeking new German credits and increased economic ties across the board. On the political side, he will ask Chancellor Brandt to sign a joint declaration stressing the equality, independence, and territorial integrity of all states. Romania is pressing for broad acceptance of these principles as the cornerstone of future agreements on European security.

Ceausescu's trip, the first by a Romanian chief of state to West Germany, will be a high point in his continuing campaign to establish Romania's independence among European nations.

The momentum of this effort has grown recently. His visit to Italy last month boosted bilateral economic cooperation, and on June 4 Romania became the first Warsaw Pact member to be granted tariff preferences by the European Community. Moreover, the Romanians are encouraged by the prospects for early achievement of MFN status with the US.

These agreements, of course, have as much political as economic significance for the Romanians. They read them as Western votes of confidence in Romania's future.

* * *

The party plenum this week was Ceausescu's show. No other presidium member addressed the gathering, and his wife was elected a full member of the executive committee. Ceausescu tried to undercut any criticism of the move by stressing the need to increase the role of women in society and proposing enlargement of the executive committee to make room for three more.

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LAOS

Prime Minister Souvanna Phouma is prepared to accept the Communists' demand that three Pathet Lao battalions be stationed on Vientiane's outskirts and two others outside Luang Prabang to provide security for Lao Communist ministers.

Souvanna, who hopes to meet his self-imposed deadline of July 1 for completion of a new agreement, is willing to meet the Communists' demand because he is convinced that they will not compromise. Communist negotiator Phoumi Vongvichit earlier had rejected government proposals for either a joint police force in the two cities or the use of neutralist troops provided by both sides.

The Lao Army General Staff disapproves the arrangement, and Souvanna is trying to bring them into line. Chief government negotiator Pheng Phongsavan told the US chargé that Souvanna is ready to use his familiar tactic of threatening to resign should the generals prove obstinate.

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ISRAEL

Finance Minister Sapir, who will be stopping in Washington next week in the course of an Israeli bond drive, is expected to talk to US officials about economic assistance for next year. Tel Aviv is upset over the announcement of a five-percent cut in US aid.

The Israeli economy is in good shape, and the need for economic assistance has diminished in recent years. Israel has a high rate of inflation and a surplus of imports over exports, but these factors are outweighed by successful fund raising abroad, either in the form of bonds--which technically must be repaid--or outright donations and transfers. Such capital inflows, exclusive of US aid, have brought the country's balance of payments into the black.

Between 1970 and the end of 1972, foreign exchange reserves rose from \$425 million to almost \$1.5 billion. Through the end of May 1973, reserves increased another \$200 million, and the trend is expected to continue throughout the remainder of the year. Meanwhile, the growth in Israel's imports has been held down, while exports are continuing to rise.

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ARGENTINA

In his speech to the nation last evening with a silent President Campora at his side, Peron called on the military to defend the legally elected government--thus implying that he planned no immediate changes at the top. The former dictator also announced that he would soon tour the country.

Further assessment of the airport shoot-out could nevertheless put a damper on Peron's plans for public appearances and cause him to reconsider how much he will directly involve himself in government affairs. In the past, he has been almost paranoid in his fear of an assassination attempt.

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NOTES

South Vietnam: Military action has declined to one of the lowest levels since the cease-fire in January. Most action continues to involve local units or small groups of regular troops. In Kontum Province, however, the government has made extensive use of aircraft, artillery, and infantry in an unsuccessful attempt to recapture villages lost two weeks ago. Most South Vietnamese officials continue to express pessimism over the outlook for peace, especially as long as Hanoi's troops remain in the South, and press commentary is avoiding any predictions that genuine peace is near.

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India: New Delhi plans to buy four million tons of US grain for the year ending next March, according to the minister of agriculture--one million more than previously indicated. The minister has told Ambassador Moynihan that one million tons must be delivered by September. Meeting this target will be extremely difficult. The Indian Supply Mission in Washington has barely begun to act on orders received last month to begin buying grain, and the shortage of shipping continues.

Mexico-Cuba:

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